United Nations A/C.2/57/SR.29

General Assembly
Fifty-seventh session

Official Records

Distr.: General
3 December 2002

Original: English

Second Committee

Summary record of the 29th meeting
Held at Headquarters, New York, on Friday, 8 November 2002, at 10 a.m.

Chairman: Mr. Suazo ..... (Honduras)

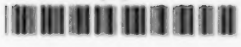
Contents

Agenda item 93: High-level international intergovernmental consideration of financing for development

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

02-68319 (E)



The meeting was called to order at 10.20 a.m.

Agenda item 93: High-level international intergovernmental consideration of financing for development (A/CONF.198/11, A/57/319-E/2002/85, A/57/344; A/C.2/57/4)

1. **Mr. de Rojas** (Executive Coordinator, Financing for Development Coordinating Secretariat, Department of Economic and Social Affairs), introducing the reports of the Secretary-General in documents A/57/319-E/2002/85 and A/57/344, said that the former concerned the follow-up to the International Conference on Financing for Development, held in Monterrey, Mexico. Since only a few months had gone by since the Conference, the report gave as a preliminary account of initiatives and commitments undertaken by all relevant stakeholders, including bilateral donors, international financial institutions, United Nations agencies, and civil society and private sector actors. The General Assembly was invited to consider the report in preparation for the next high-level dialogue on strengthening international economic cooperation through partnership.

2. The other report (A/57/344) concerned the outcome of the Conference, which had succeeded in placing financing for development at the forefront of the international agenda. As the main document produced by the Conference, the Monterrey Consensus represented an unprecedented cross-institutional commitment. It should be seen as the starting point of a new global alliance for development, and the basis for building new partnerships. Following an account of the multi-stakeholder round tables held at the Conference, the report also referred to follow-up modalities and arrangements. In that regard, it would be crucial to strengthen and make fuller use of intergovernmental mechanisms such as the General Assembly and the Economic and Social Council. Member States would soon be required to take urgent decisions concerning the modalities of implementation mechanisms, in the context of the high-level dialogue on strengthening international economic cooperation through partnership.

3. Although the process started at the Monterrey Conference had aroused considerable interest at recent meetings of the Development and International Monetary and Financial Committees of the International Monetary Fund (IMF), the original initiative had been taken by the United Nations, and follow-up measures should also be coordinated by the Organization. Guidance from Member States would be extremely useful, with regard to both the intergovernmental process and Secretariat support, particularly in the context of the wider reform proposals for the Organization introduced by the Secretary-General.

4. **Mr. Vallenilla** (Venezuela), speaking on behalf of the Group of 77 and China, said that the Monterrey Consensus had set in motion an unprecedented process of political dialogue concerning the interrelated areas of trade, finance and economic development. He welcomed the recognition by the World Bank and IMF that developing countries must be allowed to participate more actively in decision-making, and urged the World Trade Organization (WTO) to make development a central issue of trade negotiations. The process started in Monterrey had the advantage of including the whole range of stakeholders in cooperation for development, and the General Assembly should play a guiding role in that process. In view of that responsibility, the Group intended to submit three draft resolutions concerning financing for development. The first would address the follow-up to the Monterrey Consensus in all its aspects, the second would focus on the biennial high-level dialogue to review commitments, and the third would deal with Secretariat support. He emphasized the importance of United Nations leadership throughout the follow-up efforts.

5. **Mr. Christensen** (Denmark), speaking on behalf of the European Union and the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia and Turkey, said that the Monterrey Consensus was an important step towards implementing the Millennium development goals. His delegation had already spoken at length under agenda item 84 concerning the importance of macroeconomic issues to financing for development. The General Assembly should adopt a concise resolution focusing on those issues in order to deliver a positive, holistic message to development partners.

6. The targets for global development over the next decade had been established at the Millennium Summit, the Monterrey Conference and the World Summit on Sustainable Development. An ad hoc working group should be set up to coordinate the

follow-up to those conferences, with a view to reporting to the General Assembly at its fifty-eighth session. The high-level dialogue on strengthening international cooperation through partnership should concentrate on the follow-up to the Monterrey Conference in particular. Nevertheless, it was important to ensure that the high-level dialogue did not duplicate the work carried out on the Monterrey Consensus in the Economic and Social Council. The dialogue must be inclusive, with the same rules of engagement for all stakeholders. Lastly, the President of the General Assembly should be given the task of summarizing the views expressed during the dialogue.

7. **Ms. Rodsmoen** (Norway) said that the Monterrey Conference and the World Summit on Sustainable Development had put implementation of the Millennium development goals at the centre of efforts to combat poverty. Developed and developing nations had a joint responsibility for achieving those goals. Her Government was committed to allocating 1 per cent of its gross national income to official development assistance, and urged other industrialized countries to reach the target of 0.7 per cent as soon as possible.

8. The Monterrey Conference had been a successful example of cooperation between the United Nations and the multilateral financial institutions, which must extend throughout the follow-up process. The establishment of an ad hoc working group on integrated conference follow-up would be a useful way of coordinating that process. Since many follow-up efforts were taking place outside the United Nations system, the process should also be as inclusive as possible. The relevant activities of the World Bank and IMF should be taken into consideration during the high-level dialogue of the General Assembly. For instance, the high-level forum on harmonization, to be organized by the multilateral financial institutions in conjunction with the Organisation for Economic Cooperation and Development (OECD) and the United Nations Development Programme (UNDP), should be taken into account. The internal structures and priorities of the United Nations must also be aligned with the Millennium development goals and, in that regard, she endorsed the reform package proposed by the Secretary-General.

9. **Mr. Chaudhry** (Pakistan) said that his delegation supported all measures aimed at increasing interaction between the United Nations and the institutional stakeholders at the inter-secretariat and intergovernmental levels and making fuller use of the General Assembly, the Economic and Social Council and the intergovernmental governing bodies of other institutional stakeholders. The spring meeting between the Economic and Social Council and the Bretton Woods institutions, as well as the high-level dialogue, would be useful platforms for addressing the issue of financing for development. His delegation also supported in principle the suggestions made by the Secretary-General on the substantive support office to be established in the United Nations Secretariat.

10. While his delegation welcomed all those mechanisms for follow-up to the Monterrey Consensus, it felt that there was a discernible absence of an intergovernmental body to pursue the Monterrey commitments at an expert level. Without such a body in the United Nations, the financing for development process would remain amorphous, with bodies outside the United Nations driving the process.

11. The next report of the Secretary-General should include information on measures taken by the international community to implement the commitments made at Monterrey, including steps taken to improve the overall volume and efficiency of official development assistance, measures taken to devise innovative mechanisms to address debt problems of developing countries, actions taken for the return of illegally acquired funds and assets to the countries of origin and progress made on other issues of major concern to developing countries. The Development Committee of the International Monetary Fund and the World Bank had already taken a welcome first step by discussing the implementation of the strategies and decisions of Monterrey with a view to achieving measurable improvements in sustainable growth and poverty reduction. It had reaffirmed the crucial role of trade as a source of growth and poverty reduction and had recognized that the developed countries needed to do more to open their markets and eliminate trade-distorting subsidies for products that represented major potential exports in developing countries. His delegation agreed with the Committee's affirmation that the global community must now convert the ideas and the shared approaches agreed in Doha, Monterrey and Johannesburg into concrete action.

12. **Ms. Zhang** Xiao'an (China) said that her delegation hoped that, in the follow-up to Monterrey, policy coherence and consistency among institutions and within countries would help to resolve some

existing policy contradictions. For instance, while demanding that developing countries open up their markets, developed countries had been using various ways and means to protect their own markets; while developed countries were reluctant to increase their official development assistance, they spent six times as much on agricultural subsidies; while demanding that developing countries fight corruption, the developed countries were unwilling to cooperate with them on the repatriation of illicit funds to the countries of origin. Her delegation welcomed contributions by the World Bank, IMF and WTO, as well as non-governmental organizations (NGOs) and the business sector, to the implementation of the Monterrey Consensus.

13. The pressing task at the current session was to reach consensus on the reconstitution of the high-level dialogue on international economic cooperation for development and launch preparations for the high-level dialogue in 2003. According to the clear mandate set forth in the Monterrey Consensus, the reconstituted high-level dialogue should serve as the intergovernmental focal point for the general follow-up to the International Conference on Financing for Development, focusing on comprehensive review and monitoring of the implementation of the Monterrey Consensus. The Financing for Development Coordinating Secretariat had played a significant role in the preparatory process of the Conference. Her delegation supported the recommendations contained in the Secretary-General's report to the effect that the Coordinating Secretariat should be maintained and further strengthened. Appropriate rules and modalities should be formulated to ensure the active participation of all relevant stakeholders, such as the World Bank, IMF, WTO, NGOs and the business sector, in the high-level dialogue.

14. **Mrs. Núñez Mordoche** (Cuba) said that the results of the Monterrey Conference had been minimal. Instead of making financial commitments, the developed countries had granted meddlesome charity that perpetuated unfair and discriminatory conditionality. The industrialized countries had lacked the political will to grant fresh, stable and concessionary financial resources to the developing countries. The Conference would have been a success if, at the least, participants had decided to establish a development tax of a mere 0.1 per cent on international financial transactions, forgive the foreign debt of the developing countries, earmark 50 per cent of military spending for a sustainable development fund and devote 0.7 per cent of the gross national product of the developed countries to official development assistance.

15. The United Nations had a key role to play in facilitating resumption of the North-South dialogue with a view to changing the existing international economic system, which was unfair, exclusionary and unsustainable. The Bretton Woods institutions needed to be replaced by new institutions that would truly support the development of developing countries without imposing conditionality. The existing international trade system must be changed so as to make it fair and equitable, with special and differential treatment, as well as market access and stable commodity prices for the developing countries. Instead of continuing to be net exporters of capital the developing countries must participate actively in international trade and receive substantial resources from foreign direct investment. The external debt must be cancelled so that developing countries could release financial resources and achieve sustainable development.

16. The United Nations must ensure that the follow-up to the International Conference on Financing for Development led to concrete action on behalf of the developing countries. The high-level dialogue to strengthen international cooperation and the spring meeting of the Economic and Social Council with the Bretton Woods institutions would be key to achieving that goal.

17. **Ms. Zubcevic** (Croatia) said that, as an economy in transition, Croatia attached great importance to recent efforts to improve the situation with respect to financing for development, particularly those set in motion following the International Conference on Financing for Development. In October 2001, Croatia had signed the Stabilization and Association Agreement with the European Union; it had achieved membership in WTO at the end of 2000, and would become a member of the Central European Free Trade Agreement (CEFTA) on 1 March 2003. Croatia had always been supportive of positive trends in the multilateral world economy and had participated at the presidential level in both the Monterrey International Conference on Financing for Development and the Johannesburg World Summit on Sustainable Development. Being aware that the stability of its own region remained a key prerequisite for sustained economic growth, her Government fully supported and

actively participated in many regional initiatives, such as the Stability Pact for South-Eastern Europe, the Central European Initiative, the South-East European Cooperation Initiative (SECI) and the Adriatic-Ionian Initiative. Presiding over the Economic and Social Council in 2002, Croatia had continued to foster the Council's holistic approach to development.

18. The real challenge now for the United Nations system as a whole was to stay engaged, as suggested in the Monterrey Consensus. Improved policy coherence and enhanced cooperation in the financing for development process at the intergovernmental level as well as between the United Nations, the Bretton Woods institutions and WTO was of the utmost importance. That would also give the United Nations a central role in multilateral policy-making in relation to the development agenda. The General Assembly should focus its attention on overall policy issues and should serve as a forum for a high-level intergovernmental dialogue to find ways to enhance cooperation between ministries of finance, trade, foreign affairs and development cooperation. The Economic and Social Council should contribute by promoting coherence and an integrated approach within the United Nations. It should also ensure that commitments undertaken at Monterrey were taken into account in the operational work and country frameworks implemented by the organizations of the United Nations system. Securing the harmonization, coordination and coherence of the agendas and work programmes of the functional commissions dealing with the development process was essential. It was also important to involve all interested stakeholders, especially the Bretton Woods institutions and WTO, while continuing to give opportunities to the private sector, non-governmental organizations and civil society in general.

19. The special high-level meeting of the Economic and Social Council with the Bretton Woods institutions and WTO could build bridges between development finance and trade organizations and initiatives and help to translate the Monterrey Consensus into a pragmatic programme of implementation which could provide substantive inputs to the biennial high-level dialogue in the General Assembly. The support of the Secretariat, built on innovative and participatory modalities and related coordination arrangements as utilized in the preparations for the Monterrey Conference, should be encouraged.

20. **Mr. Stagno** (Costa Rica), speaking on behalf of the Rio Group, said that the Committee needed to decide what measures should be taken to transform and reconstitute the two groups responsible for follow-up to the Monterrey Conference: the spring meeting of the Economic and Social Council with the Bretton Woods institutions and the high-level dialogue on strengthening international cooperation for development through partnership. At the Secretariat level, it was essential to reconstitute and strengthen a high-level coordination unit. The Rio Group noted with concern that the Financing for Development Coordinating Secretariat had been weakened, instead of strengthened as requested in paragraph 72 of the Monterrey Consensus (A/CONF.198/11). The General Assembly should adopt a resolution strongly endorsing the Secretary-General's proposal to restore that Secretariat and define its functions. Such a resolution should also stipulate that the effort should be carried out as soon as possible and that the unit should be headed by a high-level official.

21. The Monterrey Conference had highlighted the importance of an integrated approach to financing for development. The global contract for development proposed at Monterrey was based on the understanding that, while each country was primarily responsible for its own development, national efforts should be underpinned by a favourable international economic environment of mutual reinforcement. The Conference had pointed to the type of world economic governance that was needed in order to ensure that globalization worked for everyone and that internationally agreed development goals, including those adopted at the Millennium Summit, could indeed be achieved. The Rio Group was pleased and honoured that Mexico, one of its members, had been entrusted with facilitating and hosting the International Conference on Financing for Development, which had made such a significant contribution to the strengthening of multilateralism. The countries members of the Rio Group were committed to the follow-up and implementation of the outcome of the Conference.

22. **Mr. Yahya** (Malaysia) said that the International Conference on Financing for Development represented a turning point in the international community's approach to development cooperation. His delegation recognized the important role of the United Nations system and the need for continuing support by all relevant stakeholders in the sustained follow-up to the

Monterrey Consensus. It was also pleased to note the increasing role of the Economic and Social Council, which should continue its efforts to build bridges between development, finance and trade organizations and other initiatives to ensure that the follow-up to the financing for development process was pursued as an integral part of the process of ensuring the availability of financial resources to attain agreed development goals.

23. His delegation was pleased that WTO had, for the first time, participated in 2002 in the annual meeting of the Council with the Bretton Woods institutions and had expressed its commitment to be fully engaged and to contribute to the follow-up to Monterrey. His delegation also welcomed the intention expressed by the World Bank and IMF to intensify their efforts in a number of areas. Malaysia fully supported the strategic concept of "ownership" and "partnership" outlined recently by the Secretary-General. While national Governments undoubtedly had a key role to play, the international monetary and financial institutions also had an important role in building an international economic system that was more conducive to the development of developing countries.

24. The recommendations made by the Secretary-General in his reports merited the consideration of the Committee. Any suggestions on the approach, proposals, format and modalities of the follow-up to the Monterrey Conference should be considered in parallel with the reform process that was currently under review by the Secretary-General.

25. **Mr. Chave** (Switzerland) said that, pursuant to the Monterrey Conference, Switzerland intended to expand its programmes aimed at improving financial sector infrastructure, particularly in the least developed countries and countries with economies in transition, in the light of their specific situation and needs; to promote partnerships between the public and private sectors with a view to maximizing their impact on the development of small and medium-sized enterprises and enhancing the capacity of such enterprises to use official development assistance (ODA) to mobilize private financial flows; and increase its contribution to enhancing the national capacities of its partners for WTO negotiations.

26. As far as ODA was concerned, Switzerland was committed to earmarking 4 per cent of its GDP to such assistance by 2010. Moreover, it was fully committed to improving the efficiency of ODA and would participate actively in the International Task Force on Global Public Goods. While his delegation continued to be concerned over the unsustainable external debt of many countries, it believed that the adoption of debt-restructuring measures must be linked to the gradual adoption of transparent, coordinated macroeconomic, microeconomic and social policies aimed at developing a culture of credit. In that regard, it was important that all creditors should be involved in the Heavily Indebted Poor Countries (HIPC) Initiative. Switzerland was committed to ensuring that the Initiative was implemented in a flexible manner. Countries that had attained the completion point and had simultaneously suffered unexpected external economic shocks must benefit from it. Stressing the importance of limiting access to official credit in the event of a financial crisis, he expressed support for the process of defining a standard debt restructuring mechanism.

27. In his delegation's view, the institutional follow-up to the Conference should be conducted within the context of existing institutions and of their regular meetings. At the United Nations, the high-level dialogue should play a key role as a common platform. His delegation encouraged efforts to build bridges between development, financial and trade institutions as well as between civil society and private sector institutions at the global, regional and national levels. At the global level, the high-level dialogue should take place biennially and over a period of two days, immediately preceding or following the autumn meeting of IMF and the World Bank in order to maximize synergies and take full advantage of the presence of ministers of finance, trade, foreign affairs and cooperation, as well as heads of central banks. The high-level dialogue should be subdivided into two parts. The first would consist of simultaneous, interactive round tables bringing together all stakeholders, up to a maximum of 40 participants. They should focus on a retrospective analysis of the implementation of the Monterrey Consensus, especially in the light of the Millennium development goals. The second part would consist of an interactive discussion on actions to be taken, based on the first day's conclusions.

28. At the regional level, the economic commissions, in collaboration with United Nations entities and in consultation with the Bretton Woods institutions and WTO, should organize consultative meetings to address

regional integration efforts, particularly the harmonizing of monetary, trade, fiscal and financial policies. At the national level, the role of United Nations resident coordinators should be enhanced in developing countries and countries with economies in transition.

29. **Mr. Huntley** (Saint Lucia), speaking on behalf of the Caribbean Community (CARICOM), said that, although the Monterrey Consensus was weak in critical areas, such as trade, debt and ODA, it offered a launching pad for the further strengthening of multilateral development cooperation through a new perspective that involved all stakeholders in the context of globalization and interdependence. The Monterrey Consensus identified the General Assembly and its high-level dialogue as the focal point for the follow-up to the International Conference on Financing for Development, which CARICOM fully supported. The forum chosen for the follow-up should ensure equal participation of all Member States. CARICOM supported the position of the Group of 77 and China with respect to the reconstitution of the high-level dialogue in a manner consistent with the integrated approach involving all issues and stakeholders relevant to financing for development. However, the multi-stakeholder round tables should be interactive, addressing specific questions and issues with a view to making concrete recommendations; they should not repeat policy statements made during the general debate. The issues should be representative of the holistic nature of the agenda and be determined in a transparent manner by Member States.

30. In that regard, an effective reporting and monitoring mechanism to measure implementation, identify obstacles and gaps and make recommendations for further implementation was vital. The Financing for Development Coordinating Secretariat should submit a report on that subject for consideration during the high-level dialogue in 2003.

31. The General Assembly should establish a working group of the high-level dialogue with task forces to oversee implementation of specific proposals contained in the Monterrey Consensus. The task forces would formulate internationally agreed codes of conduct and rules to regulate international financial markets and allow national policies to control short-term capital flows. In that regard, the proposed creation of a world financial authority to oversee the international financial system in an integrated manner merited consideration. The task forces would also monitor ODA contributions and disseminate information about whether aid was tied or untied aid and whether it promoted domestic export promotion rather than development assistance. It would establish an independent debt arbitration mechanism, involving creditors, debtors and impartial experts to assess, adjudicate and pass judgement on debt reduction options. In that connection, an international convention on sovereign debt restructuring needed to be considered in order to incorporate the lessons learned over the last 20 years and remove inconsistencies, thus avoiding ad hoc approaches to debt restructuring. In the interim, high priority should be given to considering cancelling the unsustainable debt of the highly indebted countries.

32. The task forces would formulate an institutional framework with timetable commitments aimed at increasing the level of cooperation on tax matters, including the formulation of financial standards and codes. All countries would have the right to participate in that framework and must be treated equally; monitoring of international standards must be conducted through a process of mutual evaluation or peer review. The task forces would also formulate proposals for the full and effective participation of developing countries in global economic decision-making, in the Bretton Woods institutions and WTO; formulate an intergovernmental framework for the conduct and monitoring of partnerships; and make proposals for addressing the declining terms of trade and instability of commodity prices, implementation issues of developing countries, phasing out of subsidies and other distorting barriers to trade.

33. The task forces would inform the decisions of the high-level dialogue. Inputs from the institutional stakeholders, civil society and the private sector would be received at the annual spring meeting of the Economic and Social Council with the Bretton Woods institutions and WTO. The task forces would consult with all Member States as well as all other relevant stakeholders through open and transparent hearings or panel discussions. In preparing for the dialogue, national and regional consultations would be held, involving all relevant ministries and stakeholders, on issues relating to financing for development and implementation of the Monterrey Consensus.

34. **Mr. Kondakov** (Russian Federation) said that it was now important to make the most effective use of

the decisions of the International Conference on Financing for Development, by implementing the initiatives of the international financial institutions and WTO, as well as leading donor countries, regarding financial and trade policies. One of the most effective forms of development assistance was opening up markets in industrialized States to export from developing countries, as well as abandonment of protectionism, particularly in areas where the countries of the South possessed comparative advantages. The Russian Federation was actively participating in that process, giving those States significant tariff preferences. The majority of goods produced in developing countries entering the Russian Federation did so at preferential tariffs, and an even broader range of trade preferences was given to the least developed countries, nearly all of whose goods entered duty-free, and with no quantitative restrictions. Preferential imports into the Russian Federation from developing countries were worth about US$ 5 billion per annum.

35. It had been noted in Monterrey that the limited resources allocated as ODA were frequently spent unproductively. It was a matter of urgency to increase the cost-effectiveness of ODA. A significant amount of the resources allocated for technical assistance was spent on foreign consultants whose selection was usually outside the control of the recipient countries, so that they were unable to monitor the quality of the services provided. The use of local expertise could substantially increase the effectiveness of technical assistance.

36. The Russian Federation continued to support and make significant contributions to implementation of the HIPC Initiative, and approved the provisional results of the expanded HIPC Initiative. In 2001, the Russian Federation had written off US$ 904 million of poor countries' debt and overall, under the HIPC Initiative, had written off US$ 35 billion of debt. The ratio of Russian HIPC Initiative assistance to GDP was the highest among all donor countries, and the Russian Federation was planning to transfer a portion of its resources — some US$ 12 million — from the IMF Reserve Account to the HIPC Trust Fund, and intended to develop that particular financing activity over the next 10 years.

37. Debt relief alone without the implementation of sound economic policies and the strengthening of governance in the poorest countries would not produce the desired results. The Russian Federation was concerned that many HIPC countries were performing poorly in their national poverty reduction programmes and programmes to stimulate growth. It was important to ensure adequate involvement by all stakeholders in the process of developing and implementing national poverty elimination strategies and to involve civil society partners, the private sector, parliaments, local authorities and NGOs. There was a need to improve the monitoring of the implementation of such strategies, using realistic and measurable indicators. A good deal needed to be done in terms of enhancing institutional and human resource potential, both of which were inadequate and represented a serious obstacle to achieving the goal of sustainable development. In addition to debt cancellation, there had to be effective measures to stimulate sustainable economic growth, to implement structural reforms, and to improve the investment climate in low-income countries.

38. **Mr. Ramsden** (New Zealand) said that the Monterrey Consensus had clearly spelled out the roles and responsibilities of national Governments, donor countries and international institutions. It called for balanced follow-up action from both developing and developed countries at the national, regional and international levels. Noting the importance of such balance and partnership, he said that poverty eradication and sustainable development would require long-term efforts from all actors.

39. The importance of domestic policy must not be underestimated in that regard. Countries that had adopted pro-poor policies had been better able to benefit from ODA and investment flows, and donors as well as institutions had accepted the need to provide appropriate assistance, open up their markets and provide technical assistance.

40. The Monterrey Consensus required equal commitments from all partners, and focused on the crucial link between trade and development. To meet the development goals that the international community had set for itself at the Millennium Assembly and in Johannesburg and Monterrey, the WTO Doha round must deliver substantial liberalization of agricultural trade. Indeed, agricultural subsidies in some developed countries stifled opportunities for developing countries' exporters.

41. New Zealand was reshaping its ODA programme to better meet the development challenges of today's world. One of the challenges for the organization was

to effectively follow up on implementation of the Monterrey Consensus. It would need to continue to involve the broad range of actors who had participated in the Monterrey process. The General Assembly needed to better reflect its holistic approach taken in the Monterrey Consensus. The Second Committee's traditional agenda should be transformed into one that was better integrated and more closely followed the approach of the Monterrey Conference. New Zealand supported extending that holistic approach to the Committee's discussions on the integrated and coordinated follow-up to summits and conferences, including through the mechanism of an ad hoc working group.

42. **Mr. Oratmangun** (Indonesia) said that, pursuant to the Monterrey Consensus, the mobilization of domestic resources could be successful only if internal conditions were conducive and coupled with human and institutional capacities. Since many developing countries did not have sufficient resources to build the necessary capacities, it was critical for them to receive support from the international community. Likewise, at the international level, conducive conditions must be created to induce financial flows towards development programmes. In that regard, it was important to assess progress in mobilizing such resources through foreign direct investment and other private flows, assessing the measures taken in the source countries and by the multilateral and regional institutions.

43. He welcomed the commitments made by the United States of America, the European Community and other major donors to significantly increase their ODA. The evaluation of the follow-up to the Monterrey Conference should include an evaluation of progress made in achieving the internationally agreed ODA targets. The multilateral institutions must also find ways and means of providing adequate financial assistance to poverty-challenged countries. While the faster, deeper and broader debt relief provided by the enhanced HIPC Initiative to eligible countries once they had met a range of conditions was welcome, measures were needed to deal with the continuing slow implementation of the Initiative. He also hoped that innovative steps would be taken to comprehensively address the debt problems of all developing countries, including the heavily indebted middle-income countries.

44. Noting the emphasis placed by the Monterrey Consensus on the need to complement national development efforts by enhancing the coherence, governance and consistency of the international monetary, financial and trading systems, he said that follow-up in that regard should focus on efforts by all relevant multilateral institutions to enhance the effective participation of developing countries in decision-making and norm-setting. He also hoped that the international financial institutions' support of the national programmes of developing countries would enable those countries to concentrate on macroeconomic policies critical to the objectives of those programmes.

45. **Mr. Singhara Na Ayudhaya** (Thailand) said that the Monterrey Consensus provided a commonly agreed set of guidelines and principles for policy-making on the relationships between financial, trade and other development issues in the world economy. Emphasizing the failure of the international financial system to prevent rapid destabilizing outflows of private capital from developing economies, he said that enabling developing countries to benefit fully from globalization would require a rigorous exploration of innovative ways for developing and transition economies to engage equitably with the international financial community. At the same time, international financial institutions should be encouraged to develop better systems for monitoring and managing capital flows. In that regard, under the Chiang Mai Initiative, the 10 member countries of the Association of South-East Asian Nations (ASEAN), along with China, Japan and the Republic of Korea, had developed bilateral swap arrangements. There was also a need to properly sequence capital account liberalization and formulate fair, effective and realistic codes of financial standards, transparency and governance appropriate to the level of economic and financial maturity of individual economies.

46. Foreign direct investment was important for building a vibrant productive sector, transferring technology and generating employment and could help developing countries achieve sustainable economic development. It was essential to encourage greater investment flows to developing countries, support from the international financial and business community and measures by source countries to facilitate such flows. In that regard, Thailand was seeking cooperation from its partners for new financing mechanisms for small and medium-sized enterprises and small entrepreneurs. Thailand saw great potential in the development of an

Asian bond market as a means of attracting and retaining capital in the region.

47. While the Monterrey Consensus recognized trade as a major source of finance for developing countries, increasing trade barriers in certain developed countries had presented uncertainties for the translation of the Doha Development Agenda into a true development round. He emphasized the importance of improving market access, reducing trade barriers and strengthening special and differential treatment. At the same time, free trade arrangements could complement the multilateral trading system and should be supported. Similarly, technical assistance and institutional capacity-building for developing countries, especially the least developed countries, were vital to enable such countries to take the fullest possible advantage of international trade. In that regard, he encouraged developing countries to make the best possible use of the International Institute for Trade and Development in Bangkok in their preparations for the new round of trade negotiations.

48. His delegation welcomed the decision by the IMF International Monetary and Financial Committee to consider at its spring session in 2003 various issues concerning financial stability. It also welcomed the decision by the IMF Development Committee to consider increasing the participation of developing countries in international decision-making and norm-setting and expressed support for the involvement of the private sector, civil society and NGOs in international dialogues as well as their participation in the high-level dialogue on strengthening international cooperation for development through partnership.

49. **Mr. Langmore** (International Labour Organization) said it was very important that there should be concrete action to implement the Monterrey decisions, especially the increased commitments to ODA by Europe and the United States of America. The report of the Secretary-General (A/57/344) referred in paragraphs 36 and 37 to the gaps in the Monterrey Consensus which had been identified by a number of participants, each of which needed to be kept under discussion. Firstly, participants had stressed that insufficient attention had been paid to social issues. The ILO certainly believed that there should be much more discussion about employment: the opportunity to work was the central requirements in reducing poverty, and the issue had not been adequately reflected in the official decisions of Monterrey or other major conferences. Secondly, there was a need to strengthen and deepen the provision of global public goods, and therefore for more discussion about exactly what global public goods were, and how they were provided and paid for. Thirdly, the need for additional debt reduction initiatives had not been adequately addressed. International inequity was increasing, and had been one of the justifications for establishing the World Commission on the Social Dimension of Globalization, which was due to report towards the end of 2003 on ways of addressing the widening gap between rich and poor. Inadequate attention had been given to the issue of global economic governance, and how the question of the democratic deficit was to be addressed globally. That was a very difficult and politically very fraught question, but an issue that had to be addressed in a consistent way. As for financing, important increases in ODA had been announced at Monterrey, but they would account for only about one quarter of the funds estimated by the World Bank as being necessary to reach the 2015 poverty reduction target. There were various ways in which the deficit could be addressed, not least by improving the effectiveness of tax administrations in developing countries themselves. Private investment would not be enough to provide the necessary additional resources for many countries because most private investment went to a limited number of countries. Other sources of financing, therefore, had to be found.

50. The high-level meeting between the Economic and Social Council and the Bretton Woods institutions would be even more useful if it were held before, rather than after those institutions' spring meetings. The attitudes, opinions and policies being expounded within the United Nations system could then be taken into account more effectively during the spring meetings.

51. **Mr. Blanco Domingez** (Dominican Republic) said that the fulfilment of the Monterrey Consensus commitments depended not only on the mechanisms to be created for follow-up in the United Nations system but also to a great extent on the political will and generosity, as well as the vision of social justice, of the most privileged countries. The Dominican Republic believed in the need for a holistic approach to the global follow-up to Monterrey, which had to be linked to the follow-up to other major summits and conferences. The primary responsibility for that

follow-up lay with the Economic and Social Council and its subsidiary bodies.

52. **Mr. Shin** Boo-Nam (Republic of Korea) said that the International Conference on Financing for Development had marked the beginning of a long and continuing process of mobilizing resources for development and ensuring the effective, efficient and equitable distribution of those resources. In the Monterrey Consensus, the international community had voiced its commitment to fostering a new and close partnership between developed and developing countries based on shared responsibilities and complementary efforts towards the goals of poverty reduction and sustainable development. Each country took primary responsibility for its own development while the international community supported those efforts by promoting an enabling international environment for development. The task now was to translate those commitments into concrete action, and to institute an efficient and effective follow-up mechanism to facilitate and monitor progress.

53. The Republic of Korea was committed to sharing its experience in economic growth and development, and wished to emphasize the importance of ODA, market access and capacity-building as keys to effective development. In 2001, the Republic of Korea had allocated US$ 265 million in ODA, and was committed to increasing that contribution in the years to come. It had given priority to human resources development and programmes concerning information and communications technologies. Based on its own experience, the Republic of Korea could not overstate the importance of trade in national development: it had opened its market to 80 products from least developed countries on a duty- and quota-free basis, and planned to expand that policy. It continued to provide assistance to developing countries in capacity-building in the area of trade negotiations: 160 trade officials from developing countries had been invited to the Republic of Korea to familiarize themselves with international trade law and the details of WTO agreements. In the coming years, the Republic of Korea intended to make contributions to the Doha Development Agenda Global Trust Fund, established to provide technical assistance to developing countries.

54. **Ms. Dyomina** (Ukraine) said that Ukraine welcomed a strengthening of the activities of the Bretton Woods institutions to provide more and better financial and technical assistance to developing countries and countries with economies in transition. Those institutions should place implementation of the Monterrey Consensus high on their agendas. Ukraine also welcomed the Monterrey affirmation that private sector investment and the domestic environment had important roles to play in development, and was itself encouraging the business community and the private sector to play an increasing role in enhancing the dynamic process of development in all sectors of the economy, fostering industrial competitiveness in international markets. The Second Committee should organize its work so that it was able to discuss a consolidated agenda item on financing for development issues in a focused manner.

55. The international community should seek innovative ways of supporting the development of economies in transition by creating a favourable environment in which they could implement national strategies. One such promising mechanism, proposed by President Kuchma at the World Summit on Sustainable Development and reflected in its Plan of Implementation, was debt-for-sustainable development swaps.

56. Ukraine wished to thank Governments and international organizations that had rendered invaluable assistance in helping it to mitigate the impact of the Chernobyl disaster. The success of the United Nations new Chernobyl strategy critically depended on effective international donor assistance for practical implementation of United Nations projects.

57. She emphasized the need for an open and non-discriminatory trading system: the removal of protectionist barriers to exports from economies in transition and a significant liberalization of trade would have a positive impact on the development process in those countries. There was a need further to enhance the universality of the multilateral trading system by increasing the membership of WTO, but the accession requirements for new members should not go beyond the level of commitments made by existing members; that was of particular relevance to Ukraine, which was engaged in accession negotiations.

58. Implementation of the Monterrey Consensus should be viewed as an integral part of a broader process aimed at achieving the Millennium Declaration goals. Integrated and coherent follow-up to Monterrey and to other recent landmark fora, notably the Doha Ministerial Conference of WTO and the World Summit

on Sustainable Development, was bound to produce a holistic agenda for the years ahead and to consolidate the efforts of the international community towards its implementation.

59. **Mr. Lenagala** (Sri Lanka) said that, in the wake of the Monterrey Conference, it was crucial to create a development-friendly environment in order to enhance the capacity of developing countries. It was equally crucial for all relevant actors to commit themselves to making the necessary changes in order to achieve internationally agreed development goals, including the Millennium development goals. He welcomed the recognition by IMF and the World Bank that developing countries must be given a more active role in decision-making and norm-setting. The World Bank, IMF and all donor agencies also needed to review their debt payment programmes in order to adopt a more conciliatory approach to heavily indebted developing countries facing problems in meeting their external debt and debt-servicing obligations. Indeed, in the case of the poorest countries, part of the debt should be written off and aid programmes should include a large grant element. The approach adopted by the Heads of State and Government at Monterrey in respect of the relationship between trade and development should be recognized and promoted by WTO.

60. Noting that foreign aid was merely a temporary solution, he stressed the importance of creating an enabling environment, including the removal of trade barriers and protectionist measures, to permit developing country economies to compete in the global economy.

The meeting rose at 1.10 p.m.